

## VI. PERSONAL CURRENT TRANSFER RECEIPTS

Personal current transfer receipts are benefits received by persons for which no current services are performed. They are payments by governments and businesses to individuals and nonprofit institutions serving individuals.<sup>1</sup> Transfer receipts accounted for almost 15 percent of total personal income at the national level in 2006 (table F).

Estimates are prepared for approximately 50 subcomponents of transfer receipts. The subcomponents are classified by source—government or business—and may also be classified by recipient—individuals or nonprofit institutions serving individuals. In this discussion, transfer receipts are presented in three major groups—receipts of individuals from governments, receipts of nonprofit institutions serving individuals, and receipts of individuals from businesses.

At the state level, approximately 95 percent of the estimates of transfer receipts are derived from direct measures of the receipts. The proportion is lower for current estimates and rises as more complete source data become available. Source data are typically from the federal agency providing the benefits or administering the fund. For some programs, data may be drawn from Census publications, including the *Consolidated Federal Funds Report (CFFR)*, *Federal Assistance Award Data System (FAADS)*, *State Government Finances*, and *State and Local Government Finances*. The remaining 5 percent are allocations of national estimates in proportion either to data that are related to the components or to the most relevant population series.<sup>2</sup>

Most of the state estimates of transfer receipts are based on data for a calendar year, but some of the estimates are based on data for fiscal years. When data for fiscal years are used, the data for the two fiscal years that overlap the calendar year are averaged with the appropriate weights to yield the data for the calendar year.

This chapter is organized according to the order of the presentation of the components and subcomponents in table F. Each estimated item is briefly defined and the preparation of the state estimates is described.

### Current Transfer Receipts of Individuals from Governments

Current transfer receipts of individuals from governments accounted for about 96 percent of total transfer receipts at the national level in 2006. The national estimates of current transfer receipts of individuals from governments are generally based on source data on government payments to the individual beneficiaries or to the vendors that provide specified goods or services to the beneficiaries. Expenditures for administrative

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<sup>1</sup> Transfer receipts from the rest of the world are netted against similar payments to the rest of the world, and the net payments, called “personal transfer payments to rest of the world (net),” are recorded in the national income and products accounts as part of personal outlays.

<sup>2</sup> A special adjustment was made to some components to account for the massive population loss in Louisiana following Hurricane Katrina and the lack of sensitivity of source data and methods to track payments which followed those populations. The adjustment for each of those components and the distribution to states was based on the 2004 per capita estimates for those components in the New Orleans MSA and each state’s share of Katrina’s Louisiana evacuees as reported in the Federal Emergency Management Agency’s *Current Location Report*, a daily tabulation of aid applications from storm victims by current state of residence.

costs are excluded. For Federal programs, the data are typically drawn from the Treasury Department's *Monthly Treasury Statement* or from administrative reports of the Federal agencies that administer the programs. For programs partially funded by the Federal government but administered by state or local governments, the source data are typically drawn from reports by the responsible Federal agencies, based on data reported by the state or local government agencies. For programs operated and funded exclusively by state and local governments, the source data are typically drawn from Census Bureau publications, including *State Government Finances*.<sup>3</sup>

### **Retirement and disability insurance benefits**

Retirement and disability insurance benefits accounted for almost 36 percent of total transfer receipts at the national level in 2006.

**Old-age, Survivors, and Disability Insurance (OASDI) benefits.**—These benefits, popularly known as social security, consist mainly of monthly benefits received by retired and disabled workers, dependents, and survivors and of lump-sum benefits received by survivors.

The state estimates of the OASDI benefits consist of the estimates for four categories of these benefits. The estimate for each category is based on calendar year tabulations of the payments from the Social Security Administration (SSA). Due to the lag in availability of those data, estimates for 2006 are extrapolated from the estimates for 2005 by changes in related Census Bureau population estimates. For the retired, dependent and survivors categories the population of those 65 and older was used and for the disabled workers category the civilian population was used.

**Railroad retirement and disability benefits.**—These benefits are received by retired and disabled railroad employees and their survivors under the Federal program of retirement insurance for railroad employees, who are not covered by OASDI. The state estimates of the benefits are based on fiscal year data from the Census Bureau's annual *CFFR*.

**Workers' compensation.**—This compensation is received by individuals with employment-related injuries and illnesses and by the survivors of individuals who died of employment-related causes. The compensation is from both Federal and state government administered funds.<sup>4</sup>

The state estimates of compensation received from the Federal fund, which covers only Federal civilian employees, are based on fiscal year data from the Census Bureau's annual *CFFR*.

Compensation received by both public and private employees from state-administered workers' compensation funds consists of compensation received under exclusively state-administered workers' compensation insurance programs, compensation received under state-administered insurance programs that compete with private

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<sup>3</sup> For detailed information on the methodology used to prepare the national estimates, see U.S. Department of Commerce, Bureau of Economic Analysis, Methodology Paper Series MP-5, *Government Transactions* (Washington, DC: U.S. Government Printing Office, November 1988). This publication is available on BEA's Internet site: Go to [www.bea.gov](http://www.bea.gov) and select "Methodologies."

<sup>4</sup> Privately administered workers' compensation funds are treated differently. Employer contributions to such funds are counted as a supplement to wages and salaries. Compensation received from the funds does not appear anywhere in personal income.

insurance programs, and compensation received under the state-administered programs for second-injury funds.

The state estimates of workers' compensation are derived from fiscal year data from state workers' compensation funds by the state of work from the Census Bureau's annual *State Government Finances*. These data are adjusted to a place-of-residence basis by BEA.

**Other government retirement and disability insurance benefits.**—These benefits consist of temporary disability benefits, black lung benefits, and benefits from the Pension Benefit Guaranty Corporation.

**Temporary disability benefits** are the benefits received by workers who are unemployed because of nonoccupational illnesses or injuries. These benefits are from state-administered programs, which exist only in California, New Jersey, and Rhode Island. The estimate for California is based on calendar year data provided by the California Development Department. The estimates for New Jersey and Rhode Island are based on fiscal year data from the Census Bureau's annual *State Government Finances*.

**Black lung benefits** are the benefits received by coal miners who are totally disabled by black lung disease (pneumoconiosis) and by the eligible survivors of miners whose deaths were caused by the disease. Individuals whose eligibility was established before July 1973 receive their benefits from the Social Security Administration; those whose eligibility was established since June 1973 receive benefits from the Department of Labor. The state estimates of the benefits received from each agency are based on fiscal year data from the Census Bureau's annual *CFFR*.

**Pension Benefit Guaranty benefits** are paid by the revolving fund of the Pension Benefit Guaranty Corporation (PBGC) to individuals whose PBGC-insured pensions cannot be paid by the private pension plans that are liable for the benefits.<sup>5</sup> The state estimates of the benefits are based on calendar year data from the Pension Benefit Guaranty Corporation's *Pension Insurance Data Book*.

## Medical benefits

Medical benefits accounted for almost 45 percent of total transfer receipts at the national level in 2006.

**Medicare benefits.**—These benefits are Federal Government payments made directly or through intermediaries to vendors for care provided to individuals under the Medicare program. The state estimates of the benefits received under the Medicare provisions for Hospital Insurance and Supplementary Medical Insurance (HSMI), are based on estimates of payments by state of residence as reported by the Centers for Medicare and Medicaid Services (CMS). Due to the lag in availability of those data, estimates for 2000-2005 are extrapolated from the estimates for 1999 by weighted changes in Medicare enrollment (as of July of each year) from CMS. Due to the lag in availability of Medicare enrollment data, estimates for 2006 are extrapolated from the

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<sup>5</sup> The NIPA views the PBGC as consisting of two parts: an employee pension fund and a social insurance fund. The former, also known as the trust fund, pays benefits out of the assets and liabilities of terminated pension plans. These benefits are treated like all other pension benefits and hence are not counted as part of transfer receipts or any other component of personal income. The latter part, also known as the revolving fund, deals with the unfunded portion of terminated plans and is financed primarily with premiums paid by employers. It is classified as a social insurance fund and hence the benefits it pays to retirees are treated as a transfer receipt in personal income as discussed in the text.

estimates for 2005 by changes in population of those 65 or older. Estimates for 2006 also include Medicare Prescription Drug Plan (Part D). Lacking data on benefits by state, the national control for Part D was allocated to states by two methods and an average taken. The first method allocates the national control by HSMI benefits (which take into account differences across states in average benefits per enrollee). The second method allocates the national control by the counts from CMS of the number of enrollees in Part D (which takes into account different enrollment rates across states).

**Public assistance medical care benefits.**—These medical benefits are received by low-income individuals. The benefits consist mainly of the payments made directly or through intermediaries to vendors for care provided to individuals under the federally assisted, state-administered Medicaid program, and State Children’s Health Insurance Program (SCHIP), and under the general assistance medical programs of state and local governments. The state estimates of the payments made under the Medicaid program and SCHIP are based on data from CMS. The state estimates of payments made under the general assistance medical programs are based on data that are obtained from the State departments of social services by CMS.

**Military medical insurance benefits.**—These benefits are vendor payments made under the TRICARE Management Program, formerly called the Civilian Health and Medical Plan of the Uniformed Services, for the medical care of dependents of active duty military personnel and of retired military personnel and their dependents at nonmilitary medical facilities. The state estimates are based on data from the Department of Defense.

## **Income maintenance benefits**

Income maintenance benefits accounted for almost 10 percent of total transfer receipts at the national level in 2006.

**Supplemental Security Income (SSI) benefits.**—These benefits are received by low-income persons who are aged, blind, or disabled from both the Federal Government and state governments. The state estimates are based on Social Security Administration tabulations of annual disbursements for two categories of SSI benefits: Basic Federal payments and supplemental state payments. Both of these estimates are based on data that are published in the “Annual Statistical Supplement” to the *Social Security Bulletin*.

**Family assistance.**—These benefits consist mainly of cash and work-based assistance received by low-income families under the Temporary Assistance to Needy Families (TANF) program. In 1997, this program superseded the state-administered Aid to Families with Dependent Children (AFDC) and emergency assistance programs that received federal matching funds. State estimates of TANF benefits for 1997 through 2006 are based on fiscal year direct data from the web site of the Administration for Children and Families (ACF) of the Department of Health and Human Services.

State estimates through 1996 are based on unpublished quarterly data from ACF. State estimates for AFDC and emergency assistance for 1997 are based on unpublished ACF data for the Federal grants to the states for fiscal year 1997. These data were adjusted to reflect (1) the number of months during calendar year 1997 that the AFDC and emergency assistance programs were in operation in each state, and (2) the fund matching percentage that was required of each state.

**Food stamps.**—These benefits are measured as the value of the food stamps issued to qualifying low-income households in order to supplement their ability to purchase food. Eligibility is determined by each state's interpretation of Federal regulations; the Food and Nutrition Service of the U.S. Department of Agriculture pays the cost of the stamps. The state estimates are based on tabulations of the value of the distributed stamps from the Department of Agriculture.

**Other income maintenance benefits.**—These benefits consist of general assistance benefits, foster care adoption assistance, earned income tax credits, energy assistance, and the value of vouchers issued under the Women, Infants, and Children program.

*General assistance benefits* are the benefits received from state and local governments by low-income individuals and families who do not qualify for help under federally supported programs<sup>6</sup> and disaster assistance received from the federal-state Other Needs Assistance Program. The state estimates are based on data from the Census Bureau's annual *State and Local Government Finances* except for the disaster assistance portion which is based on direct data from the Federal Emergency Management Agency (FEMA).

*Foster care and adoption assistance* is received from state and local governments by families that care for foster children or that adopt children under federally aided programs. Both the assistance provided directly to families and the payments made to nonprofit organizations that supervise the programs in some cases are included. The state estimates are based on data from ACF on the Federal grants that are made to the states. The data are adjusted to reflect the fund matching percentage that is required of each state.

*Earned income tax credits* are Federal income tax refunds to low-income workers, mainly those who have minor children. Eligibility for the tax credits is determined by the size of adjusted gross income, or earned income, and by certain household characteristics. The portion of the credit that is counted as a transfer receipt is calculated as the excess of the tax credit over the tax liability. The state estimates are based on data from the Internal Revenue Service's Historical Table 2 published in the *SOI Bulletin*.

*Energy assistance* consists of the cash benefits received by needy households and the vendor payments to suppliers to help defray the cost of home heating, cooling, and weatherization under the federally funded and state-administered energy assistance programs. The state estimates are based on data from the Administration for Children and Families.

*Women, Infants, and Children (WIC) benefits.* This program is fully funded by the Food and Nutrition Service of the U.S. Department of Agriculture and operated mainly through state agencies. The transfers under the program take the form of vouchers issued to low-income women who are pregnant or who have young children; the vouchers are used to purchase supplemental nutritious foods. The state estimates are based on direct data provided by the Food and Nutrition Service.

## **Unemployment insurance compensation**

Unemployment insurance compensation accounted for almost 2 percent of transfer receipts at the national level in 2006.

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<sup>6</sup> The Federal Government neither funds nor regulates these programs.

**State unemployment insurance compensation.**—These benefits consist mainly of the compensation received by individuals under state-administered unemployment insurance (UI) programs, but they also include the special benefits authorized by Federal legislation for periods of high unemployment.<sup>7</sup> The provisions that govern the eligibility, timing, and amount of the benefits vary among the states, but the provisions that govern coverage and financing are uniform nationally.

Under the Federal-state UI system, an unemployed individual who lives in one state may be eligible for UI benefits from another state.<sup>8</sup> Therefore, the estimate for each state is calculated as the total compensation paid by a state minus the payments made by that state to the residents of other states plus the compensation received from other states by the residents of that state. The state estimates are based on the data from the Labor Department's Employment and Training Administration.

**Unemployment compensation of Federal employees (UCFE).**—These benefits are received by former Federal civilian employees under a Federal program administered by the state employment security agencies. The state estimates are based on data from the Employment and Training Administration.

**Unemployment compensation for railroad employees.**—These benefits are received by workers who are unemployed because of sickness or because work is unavailable in the railroad industry and in related industries, such as carrier affiliates. This UI program is administered by the Railroad Retirement Board under a Federal program that is applicable throughout the nation. The state estimates are based on data from the Census Bureau's quarterly *FAADS*.

**Unemployment compensation for veterans (UCX).**—These benefits are received by unemployed veterans who have recently separated from military service and who are not eligible for military retirement benefits; the compensation is paid under a Federal program that is administered by the state employment security agencies. The state estimates are based on data from the Employment and Training Administration.

**Other unemployment compensation.**—These benefits are Trade Adjustment Allowances received by workers who are unemployed because of the adverse economic effects of international trade arrangements on employment. The state estimates are based on data from the Department of Labor, which administers the program.

## **Veterans' benefits**

Veterans' benefits accounted for about 2.4 percent of total transfer receipts at the national level in 2006.

**Veterans' pension and disability benefits.**—These benefits are received primarily by veterans with service-connected disabilities and by the survivors of military personnel who died of service-connected causes. In addition, these benefits are received by war veterans who are 65 years old or older, who have nonservice-connected disabilities, who are permanently and totally disabled, and who meet specified income requirements. The state estimates are based on the data from the Department of Veterans Affairs (DVA).

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<sup>7</sup> The programs for Federal civilian employees and for veterans are administered by the states, but the benefits are classified in other subcomponents of unemployment insurance compensation.

<sup>8</sup> The State of the resident handles the claim and then sends it to the State that is responsible for paying the benefits.

**Veterans' readjustment benefits.**—These benefits are the allowances for tuition and other educational costs that are received by veterans and by the spouses and the children of disabled and deceased veterans and for automobiles and conveyances, and specially adapted housing for disabled veterans. The state estimates are based on data from the DVA.

**Veterans' life insurance benefits.**—These benefits are the claims received by beneficiaries of veterans' life insurance policies and the dividends received by policyholders from the five veterans' life insurance programs administered by the DVA. The state estimates are based on data for these benefits from the DVA.

**Other assistance to veterans.**—Other assistance to veterans consists of assistance received by indigent veterans from state and local governments and bonuses received by veterans from state and local governments. The state estimates of the state and local government assistance and bonuses are based on adjusted fiscal year data from the Census Bureau's annual *State Government Finances*.

## **Federal education and training assistance**

Federal education and training assistance accounted for about 1.0 percent of total transfer receipts at the national level in 2006.

**Federal fellowship benefits.**—These benefits consist of National Science Foundation (NSF) grants to outstanding science students, subsistence assistance provided to cadets at the six state maritime academies, and all other Federal fellowship benefits. The state estimates of the NSF grants are based on annual NSF tabulations of the number of students receiving fellowships at each institution. The state estimates of the subsistence assistance to the cadets are based on data from the Maritime Administration of the Department of Transportation. The amount of assistance is assigned to the state in which each academy is located. The national estimates of the assistance provided to the recipients of all other Federal fellowships are allocated to states in proportion to the civilian population.

**Interest payments on guaranteed student loans.**—These payments are made by the Department of Education to commercial lending institutions on behalf of the individuals who receive low-interest, deferred-payment loans from these institutions in order to pay the expenses of higher education. The national estimate is allocated to states in proportion to the number of individuals enrolled in institutions of higher education from the Department of Education.

**Higher education student assistance.**—This Federal assistance, called Pell Grants, is for an undergraduate education for students with low incomes. The state estimates are based on data from the Census Bureau's annual *CFFR*.

**Job Corps benefits.**—These benefits are primarily the allowances for living expenses received by economically disadvantaged individuals who are between the ages of 16 and 21 and who are enrolled in designated vocational and educational training programs. These benefits also include the adjustment allowances received by trainees upon the successful completion of their training. National estimates are distributed to states in proportion to a tabulation from the Employment and Training Administration of the amount of allowances and allotments disbursed to enrollees in 1984, the last year for which such data are available.

## Other transfer receipts of individuals from governments

Other transfer receipts of individuals from governments accounted for about 0.2 percent of total transfer receipts at the national level in 2006.

Compensation of survivors of public safety officers.—These are payments to the survivors of state and local government employees, such as police officers and fire fighters, who were killed in the line of duty; the payments are made under a Federal program. The amount of the payment is \$100,000 plus an allowance for the increase in consumer prices since 1988. The state estimates are based on fiscal year data from the Census Bureau's annual *CFFR*.

Compensation of victims of crime.—This compensation is received by crime victims and vendors on behalf of crime victims. The national estimate of total compensation is allocated to states in proportion to data provided by the Office of Victims of Crime of the Department of Justice.

Alaska Permanent Fund benefits.—These benefits are the disbursements of property income to the residents of Alaska from the Alaska Permanent Fund. The fund, which is derived from oil revenue, pays a portion of its net property income to every resident. The state estimate is the amount that is paid and that is reported by the Alaska Department of Revenue.

Disaster relief benefits.—These benefits are transient accommodations reimbursement to the victims of disasters, such as hurricanes and earthquakes, from the Federal Emergency Management Agency. In the absence of any pertinent data, the national estimates are allocated to states in proportion to the civilian population.<sup>9</sup>

Radiation exposure compensation.—This compensation for individuals exposed to radiation released during above-ground nuclear weapons tests and uranium mining is made under the Radiation Exposure Compensation Act. The state estimates are based on direct data from the Department of Justice.

Japanese interns redress benefits.—These are benefits made from 1990 to 1997 to American citizens of Japanese descent who were interned during World War II. The state estimates are based on the tabulations of these payments by ZIP Code area from the Department of Justice. These tabulations are summed to states by BEA.

Payment of anti-terrorism judgments.—These are payments from the U.S. Treasury to satisfy certain court judgments against countries found to have sponsored terrorism. In the absence of any pertinent data, the national estimates are allocated to states in proportion to the civilian population.

Compensation of Victims of September 11.—These payments are from a voluntary, federally funded program that provides compensation to eligible individuals or relatives of individuals who were killed or physically injured as a result of the terrorist-related aircraft crashes of September 11, 2001. National estimates are allocated to states in proportion to an Associated Press list of confirmed dead.

Federal educational exchange benefits.—These benefits are received by students who participate in the Fulbright scholarship program and in other international educational exchange programs. The national estimates are allocated to states in proportion to the civilian population.

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<sup>9</sup> The unusually high estimate for 2005 reflects billions of dollars distributed by FEMA directly to the victims of Hurricanes Katrina, Rita, and Wilma. The assistance is largely attributed to Katrina victims and a portion of that estimate was distributed to all states based on the *Current Location Report* from FEMA.



Bureau of Indian Affairs benefits.—These benefits are the payments to American Indians for educational and social services that are not available to them from state or local agencies. The state estimates are based on data from the Bureau of Indian Affairs.

## **Current Transfer Receipts of Nonprofit Institutions**

Current transfer receipts of nonprofit institutions serving individuals from federal, state, and local governments and from business accounted for about 3.1 percent of total transfer receipts at the national level in 2006.

### **Receipts from the Federal Government**

These are mainly receipts of private educational institutions on behalf of the recipients of Federal fellowships, Pell grants, and other education and training programs.<sup>10</sup> They also include receipts of private institutions under National Institutes of Health research initiatives and other programs of the Department of Health and Human Services and under programs of the National Science Foundation, the Corporation for Public Broadcasting, and the Legal Services Corporation.

The national estimate is based on data from the *Monthly Treasury Statement*. Because state-level data are unavailable, the national estimate is allocated to the states in proportion to the civilian population.

### **Receipts from state and local governments**

These receipts consist of payments for job training by state and local governments and payments for educational assistance by state governments.

Workforce Investment Act benefits.—These are receipts of those private nonprofit institutions that provide job training under a work-study program funded by the Federal Government (formerly authorized by the Job Training Partnership Act). The national estimate is based on data from the *Monthly Treasury Statement*. Because state-level data are unavailable, the national estimate is allocated to the states in proportion to the civilian population.

Educational assistance.—This consists of all educational assistance provided to individuals and private nonprofit educational institutions other than that provided under the Workforce Investment Act. The national and state estimates are based on data for state government expenditures for “other education assistance and subsidies” from the Census Bureau’s annual *State Government Finances*.

### **Receipts from businesses**

Receipts from businesses accounted for about 1 percent of total transfer receipts in 2005. These transfer receipts consist mainly of corporate gifts of money, securities, and real property to nonprofit institutions serving individuals. The national estimate is based on data tabulated from Federal corporate income tax returns by the Internal Revenue Service and is allocated to states in proportion to the civilian population.

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<sup>10</sup> These receipts exclude payments to private educational institutions for research and development under Federal contracts, which are treated as government purchases.

## **Current Transfer Receipts of Individuals from Businesses**

Current transfer receipts of individuals from businesses accounted for about .9 percent of total transfer receipts at the national level in 2006. These receipts consist primarily of personal-injury liability payments to individuals other than employees. The national estimates are allocated to states in proportion to the civilian population. These receipts also include BEA estimates of net insurance settlements when actual insured losses exceed normal insured losses caused by disasters, such as hurricanes, floods, earthquakes, and the terrorist attacks of September 11, 2001.<sup>11</sup>

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<sup>11</sup> See “Disaster Adjustments” in Chapter XII Technical Notes.